



## OFFICE OF HOMELAND SECURITY

February 7, 2008

Valerie Warner, Finance Director  
 City of Eureka  
 604 C Street  
 Eureka, CA 95501

Monitoring Report #M08-006

Dear Ms. Warner:

On February 6, 2008, the Office of Homeland Security (OHS), Monitoring and Audits Unit, Program Monitor, James Lewis conducted a desk monitoring review for the purpose of monitoring the City of Eureka Critical Infrastructure Protection grant. I wish to thank you and your staff for the courtesy extended to Mr. Lewis during the review process. Enclosed, you will find the monitoring report for the following grants:

GRANT	PROGRAM NAME	PERIOD MONITORED
2003-0035 #023-23042	FY03 Part II Critical Infrastructural Protection (CIP)	03/17/03 - 04/16/03

The monitoring included a review of staffing needs, operational practices, source documentation, activities, and data reporting requirements. In addition, the monitor examined the grant for compliance with federal financial, administrative and auditing requirements, program guidelines, and other mandates as applicable. Finally, the monitor performed a selected review of accounting records that support the amounts claimed in your reimbursement requests. Project expenditures were validated to provide reasonable assurance that expenses are related to the grant, proper records are maintained, and expenditures are properly authorized and recorded.

As a reminder, the purpose of monitoring is to assist projects in the achievement of their goals and aiding them in administering their grant funds in the most effective and efficient manner. The monitoring is used as a tool to assist the subgrantee in complying with these requirements. Your OHS Program Representative will receive a copy of the monitoring report. Their name and phone number are identified on the face sheet of the report.

If the monitoring report does not identify any findings, a Corrective Action Plan is not necessary and the monitoring process is complete. **If any findings are identified in the monitoring report, you will have 120 days from the last day of the monitoring review to submit a Correction Action Plan to the Program Monitor.**

The corrective action process provides two options:

**Option One – The subgrantee self certifies by the submission of an Action Plan that details the corrective steps implemented, and that any finding(s) noted in the monitoring report are resolved.**

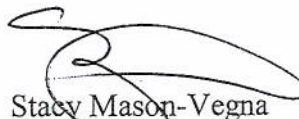
**Option Two – Submission of an outlined Corrective Action Plan that addresses the findings noted in this report to be reviewed and approved by OHS program staff (i.e. technical assistance).**

When corresponding to our office regarding this monitoring report, please include the monitoring control number on all correspondence. Send your response to:

Governor's Office of Homeland Security  
Grants Administrative Section  
Monitoring & Audits Unit  
State Capitol  
Sacramento, California 95814

Thank you for your participation in the monitoring process. If you have any questions regarding this letter or the attached report, please feel free to contact me at (916) 323-7611.

Sincerely,



Stacy Mason-Vegna  
Program Manager  
Grants Monitoring & Audits Unit

Attachment

cc: Sherry DiStefano, Accountant, City of Eureka  
Sarah Knight, OHS Program Representative  
Monitoring & Audits Unit, chron file  
Grants Management Unit, grant file

### Monitoring Report Response Form

TO: Governor's Office of Homeland Security      Grant Numbers: 2003-0035  
Grants Management Section  
Monitoring & Audits Unit      Monitoring Control      #M08-006  
State Capitol      Number: \_\_\_\_\_  
Sacramento, CA 95814

Attention: Stacy Mason-Vegna      Response Due: June 6, 2008  
Program Manager

FROM: Subgrantee: \_\_\_\_\_

#### Option One

☐

I have reviewed the above referenced monitoring report and have submitted for your records a copy of the subgrantee's Action Plan detailing the corrective steps that have been implemented, and self certify that the findings noted in the monitoring report have been corrected.

#### Option Two

☐

I have reviewed the above referenced monitoring report and have submitted for your review and approval, an outlined Corrective Action Plan that addresses the findings noted in this report to be reviewed and approved by OHS program staff.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Typed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone Number





# **CALIFORNIA GOVERNOR'S OFFICE OF HOMELAND SECURITY MONITORING NARRATIVE REPORT**

GRANT/FIPS NUMBER	PROGRAM NAME	PERIOD MONITORED	MONITORED AMOUNT
2003-0035 #023-23042	FY03 Part II State Homeland Security Grant Program (SHSGP)	03/17/03 to 04/16/03	\$5,876

<b>City of Eureka Police Department</b>			
<b>AUTHORIZED AGENT:</b>	Valerie Warner	<b>ADDRESS:</b>	604 C Street Eureka, CA 95501
<b>CONTACT EMAIL:</b>	vwarner@ci.eureka.ca.gov		
<b>CONTACT PHONE NUMBER:</b>	(707) 441-4114		
<b>ALTERNATE POINT of CONTACT:</b>	Sherry DiStefano		
<b>CONTACT EMAIL:</b>	sdestefano@ci.eureka.ca.gov		
<b>PROGRAM REPRESENTATIVE:</b>	Neverley Shoemake	<b>E-mail:</b>	Neverley.Shoemake@ohs.ca.gov
<b>PHONE NUMBER:</b>	(916) 324-6342		
<b>PROGRAM MONITOR:</b>	James Lewis	<b>E-mail:</b>	James.Lewis@ohs.ca.gov
<b>PHONE NUMBER:</b>	(916) 322-2335	<b>DATE OF MONITORING:</b>	February 6, 2008

## **PERSONS INTERVIEWED DURING MONITORING VISIT**

NAME	TITLE	AGENCY
Sherry DiStefano (phone & e-mail)	Accountant I	City of Eureka
Valerie Warner (by phone)	Finance Director	City of Eureka
Eric Smith (by phone)	Fire Chief	City of Eureka

Prepared by:

James Lewis, Program Monitor, OHS Administration Division, Monitoring &amp; Audits Unit

Date

2/6/2008

Approved by:

Stacy Mason Vega, Program Manager, OHS Administration Division, Monitoring &amp; Audits Unit

Date

2/8/08

## City of Eureka Monitoring Report

Monitoring Report Summary	Total # of Items in Category	In Compliance	Not in Compliance	Not Monitored	Not Applicable	Total
<b>A. Administrative Review</b>						
Review of Audit Reports	2				2	2
Grant Assurances	1	1				1
Grant Approval Notification	2	2				2
Performance Reports	1				1	1
Homeland Security Strategies	1				1	1
Publication of Published Materials	1				1	1
<b>B. Programmatic Review</b>						
Program Goals and Objectives	2	2				2
Exercise	2				2	2
Training	1				1	1
Planning	1				1	1
<b>C. Financial Management</b>						
Accounting System	8	8				8
Distribution of Funds	1				1	1
Advance of Funds	2				2	2
Change Requests/Modifications	2				2	2
Maintenance of Records	1				1	1
<b>D. Fiscal: Personnel Services</b>						
Management and Administrative Services	3	2			1	3
Overtime/Back Fill	3	2	1			3
<b>E. Fiscal: Procurement</b>						
Responsibility	1				1	1
Methods of Procurement	4				4	4
<b>F. Fiscal: Equipment &amp; Property Management</b>						
Equipment Purchases	3				3	3
Property Management & Records Keeping	2				2	2
<b>G. Subgrantee Monitoring &amp; Oversight</b>						
Subrecipient single audit requirements	1				1	1
Management and Administrative Responsibility	1				1	1
Overtime/Backfill/CTO Responsibility	1				1	1
Procurement Responsibility	1				1	1
Equipment & Property Management Responsibility	1				1	1
<b>Total</b>	<b>49</b>	<b>17</b>	<b>1</b>	<b>0</b>	<b>31</b>	<b>49</b>

## City of Eureka Monitoring Report

### PROGRAM SUMMARY

**Corrective Action Plan:** Required

### MONITORING REPORT DETAIL

**A. Administrative Review:** Subgrantee in compliance (3 items); Not applicable for Subgrantee (5 items).

1. **Review of Audit Report:** Not applicable for Subgrantee (2 items).
2. **Grant Assurances:** Subgrantee in compliance (1 item).
3. **Grant Approval Notification:** Subgrantee in compliance (2 items).
4. **Performance Reports:** Not applicable for Subgrantee (1 item).
5. **Homeland Security Strategies:** Not applicable for Subgrantee (1 item).
6. **Publication of Materials:** Not applicable for Subgrantee (1 item).

**B. Programmatic Review:** Subgrantee in compliance (2 items); Not applicable for Subgrantee (4 items).

1. **Program Goals & Objectives:** Subgrantee in compliance (2 items).
2. **Exercise:** Not applicable for Subgrantee (2 items)
3. **Training:** Not applicable for Subgrantee (1 item).
4. **Planning:** Not applicable for Subgrantee (1 item).

**C. Financial Management:** Subgrantee in compliance (8 items); Not applicable for Subgrantee (13 items).

1. **Accounting System:** Subgrantee in compliance (8 items).
2. **Distribution of Funds:** Not applicable for Subgrantee (1 item).
3. **Advance of Funds:** Not applicable for Subgrantee (2 items).



## City of Eureka Monitoring Report

- C. 4. **Change Request/Modifications:** Not applicable for Subgrantee (2 items).
5. **Records Maintenance:** Not applicable for Subgrantee. (1 item).
- D. **Fiscal: Personnel Services:** Subgrantee in compliance (4 items); Subgrantee not in compliance (1 item); Not applicable for Subgrantee (1 item).
1. **Critical Infrastructure Protection:** Subgrantee in compliance (2 items); Not applicable for Subgrantee (1 item).
- a. Allocation: Subgrantee in compliance (1 item).
  - b. Allowable Costs/Activities: Not applicable for Subgrantee (1 item).
  - c. Functional Timesheets: Subgrantee in compliance (1 item).
2. **Overtime/Backfill and/or CTO:** Subgrantee in compliance (2 items); Subgrantee not in compliance (1 item).
- a. Prior Approval: Subgrantee in compliance (1 item).
  - b. Records and/or Supporting Documentation: Subgrantee in compliance (1 item).
  - c. Allowable Costs/Activities: Subgrantee not in compliance (1 item).

**Requirement:** The DOJ Financial Guide, Part III, Chpt. 7, page 68 states, "Overtime and night differential payments are allowed only to the extent that payment for such services is in accordance with the policies of the State or units of local government and has the approval of the State or the awarding agency, whichever is applicable." Those costs allowed for overtime benefits include the Federal Insurance Contributions Act Tax (FICA), State Disability Insurance (SDI), and Workers Compensation.

**Finding #1:** The subgrantee's Supplemental Budget Request indicated the subgrantee \$81 in expenditures for Medicare costs, which are not allowable in the CIP grants.

**Action Required:** The subgrantee is only allowed reimbursement of overtime benefits for FICA, SDI and Workers Compensation. The subgrantee must ensure that in the future all the data required for overtime benefits will be provided and only for those allowable and applicable benefits.

## City of Eureka Monitoring Report

- E. **Fiscal: Procurement:** Not applicable for Subgrantee (5 items).
- F. **Fiscal: Equipment & Property Management:** Not applicable for Subgrantee (5 items).
- G. **Subgrantee Monitoring & Oversight:** Not applicable for Subgrantee (5 items).





## CITY OF EUREKA

FINANCE DEPARTMENT

531 K Street • Eureka, California 95501-1146

March 3, 2008

Ms. Stacy Mason-Vegna  
Governor's Office of Homeland Security  
Grants Administrative Section  
Monitoring & Audits Unit  
State Capitol  
Sacramento, CA 95814

Re: Monitoring Report #M08-006

Dear Ms. Mason-Vega,

We are in receipt of your monitoring report dated February 7, 2008 regarding our Critical Infrastructure Protection grant, 2003-0035 #023-23042 in the amount of \$5,876. In this report it was brought to our attention that Medicare costs in the amount of \$81 were charged to this grant and that these costs are a non-allowable expenditure against these funds.

The City of Eureka has had a complete staffing change in the Accounting Department since 2004 so we are not able to explain why this occurred. We would like to assure you, however, that we have controls in place that will prevent this type of error from occurring in the future. We are very careful to follow grant guidelines with double checks along the way to ensure that this occurs. Our Corrective Action Plan is to have all work related to grants be double checked and signed off by another accountant to verify that all expenditures are allowable before submitting requests for reimbursement.

We trust that this action will satisfy your requirements. Please let us know if we can provide any additional information in this matter.

Sincerely,

Valerie Warner  
Finance Director





## CITY OF EUREKA

531 K Street • Eureka, California 95501-1146

CITY MANAGER

• (707) 441-4144  
fax (707) 441-4138

February 6, 2008



James Lewis  
Program Monitor  
Monitoring and Audits Unit  
Office of Homeland Security  
State Capitol  
Sacramento, CA 95814

RE: City of Eureka Information

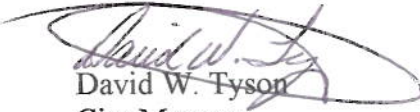
Dear Mr. Lewis:

As per your request, here is the City of Eureka's updated information for the following positions:

City Manager – David Tyson  
Finance Director – Valerie Warner  
Police Chief – Garr Nielsen

The City Manager, Finance Director and Police Chief are all authorized agents for the City for the purpose of administering Homeland Security Grants.

Sincerely,



David W. Tyson  
City Manager

CC: Sherry De Stefano, Finance Analyst

COPY



## OFFICE OF HOMELAND SECURITY

Valerie Warner, Finance Director  
City of Eureka  
604 C Street  
Eureka, CA 95501

Monitoring Report #M08-006

Subject: Corrective Action Plan for Monitoring Narrative Report #M08-006

Dear Ms. Warner

As you are aware, the Office of Homeland Security (OHS) is responsible for monitoring subgrantees to ensure that all administrative, programmatic and financial responsibilities are fulfilled and in accordance with the individual grant guides and applicable rules and regulations.

We have completed our review of your submitted corrective action plan for fiscal year FY03-0035 Critical Infrastructure Protection (CIP) grant program and have concluded that you have implemented appropriate corrective action as prescribed in the Monitoring Narrative Report #M08-006. Therefore, no further action is required on your part.

Please indicate on the attached Monitoring Report Response Form the option for your Corrective Action Plan, sign and print your name as the authorized agent, include the date and telephone number, then return the form to the OHS Monitoring and Audits Unit for their records.

Sincerely,

Brendan Murphy, Deputy Director  
Division of Administration  
Monitoring and Audits Unit

cc: Sherry DiStefano, Accountant, City of Eureka  
Sarah Knight, OHS Program Representative  
Brendan Murphy, Deputy Director  
Monitoring and Audits Unit, Chron File  
Grants Management Unit, Chron File